THE HON'BLE SRI JUSTICE L.NARASIMHA REDDY

W.P.No.35291 of 1998

Date:20.06.2007

Between:

Jivaka Ayurvedic and Allied Products
Industrial Cooperative Society Ltd.

.. PETITIONER

AND

The Secretary and others.

..RESPONDENTS

ORDER:

The Andhra Pradesh Khadi and Village Industries Board, Hyderabad, the second respondent herein, formulated schemes to finance Khadi and Village Industries, by providing certain incentives. One such industry is the one for growth of madicinary plants, preparation of ayurvedic medicine and allied products. Under the scheme, a sum of Rs.4,76,800/- is to be sanctioned as loan towards capital expenditure and a sum of Rs.3,00,000/- as working capital loan. The petitioner submitted an application for extension of this benefit and was accordingly sanctioned.

Way back in the year 1992, the petitioner was released a sum of Rs.4,80,000/- towards the expenditure for construction of building and sheds. The petitioner states that the amount has been utilized for that purpose. Subsequently, a sum of Rs.1,76,000/- was sanctioned to the petitioner for purchase of plant and machinery. On account of delay in obtaining drug licence, the sanction was withdrawn, but, subsequently, it was restored on production of licence. Apart from that amount, a sum

of Rs.50,000/- was sanctioned towards working capital.

In terms of the scheme, the respondents have also sanctioned a sum of Rs.3,00,000/- towards working capital, through proceedings, dated 10.03.1997. The petitioner states that in spite of clear sanction, the respondents have not released the amount towards working capital.

On behalf of respondents 1,2 and 3, a counter-affidavit is filed. The purport of the scheme is explained and the factum of sanction of various amounts to the petitioner is admitted. As regards the non-release of Rs.3,00,000/- towards working capital, it is stated that the petitioner failed to furnish adequate security and did not repay the instalments that have become overdue by that time.

Heard Sri A.Ramalingeswar Rao, the learned counsel for the petitioner, the learned Government Pleader for Industries and Commerce and the learned Government Pleader for A.P. Khadi and Village Industries.

The petitioner was found eligible to be sanctioned the loans of different categories referred to above. The loan for capital expenditure was released and it is said to have been utilized. The loan towards working capital is to be released only after the unit becomes functional. There was some delay on the part of the petitioner in getting drug licence and completion of the installation of machinery, etcetera. It was for this reason that there was a gap of five years between the initial sanction of Rs.4,80,000/- towards capital expenditure and Rs.3,00,000/- towards working capital.

While sanctioning working capital, the respondents insisted the petitioner to furnish adequate security. It is also their case

that the instalments that have become due up to that date must be cleared. Though the petitioner contends that the security has been furnished, the fact remains that he did not clear the instalments that became due by that date. The penal interest is already said to have been waived. Once the respondents have not received the instalments that became due from the petitioner, they cannot be expected to release the fresh amounts. The petitioner can insist on release of the working capital, only after it clears the instalments that have become due.

The learned counsel for the petitioner submits that the loan repayable by his client may be directed to be re-scheduled. This Court, straight way, cannot undertake any exercise in this regard. It is for the petitioner to make a representation to the respondents in this regard and the further steps to be taken for release of the sanctioned loan of Rs.3,00,000/- would depend upon the outcome thereof.

For the foregoing reasons, the writ petition is disposed of, directing that it shall be open to the petitioner to file a representation to the respondents to re-schedule the amounts that have already become due and as and when the amount that has become due with the facility of re-scheduling, if any is paid, the respondents shall consider the feasibility of releasing the sanctioned amount of Rs.3,00,000/-. There shall be no order as to costs.

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20.06.2007

kdl